

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2001 - SB 2155

March 2, 2018

SUMMARY OF BILL: Removes charges related to pain relief that decreases the use of opioids from the calculation of costs for any episode of care in any initiative receiving state innovative grant from the federal Centers for Medicare and Medicaid Services.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$621,000

Increase Federal Expenditures - \$1,197,800

Assumptions:

- Based on information provided by the Division of TennCare (Division), the proposed legislation has the potential to impact all episodes of care. For this analysis, assumptions are limited to the ten orthopedic episodes that would most likely be affected.
- The Division has seen savings of \$14,500,000 in calendar year 2016 for the eight episodes that have been in place long enough to have reported results, representing 7.6 percent of overall related medical services for those episodes. This information cannot be independently verified by the Fiscal Review Committee.
- In calendar year 2016, the total cost of care for the ten orthopedic episodes was \$95,724,278. The annual savings from these episodes of care are estimated to be \$7,275,045 ($\$95,724,278 \times 7.6\%$).
- It is estimated savings will be reduced by 25 percent or \$1,818,761 ($\$7,275,045 \times 25.0\%$) with the implementation of the proposed legislation. Medicaid expenditures receive matching funds at a rate of 65.858 percent federal funds to 34.142 percent state funds. The increase in expenditures is estimated to be \$620,961 ($\$1,818,761 \times 34.142\%$) in state funds and \$1,197,800 ($\$1,818,761 \times 65.858\%$) in federal funds.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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